



# City of Lakewood

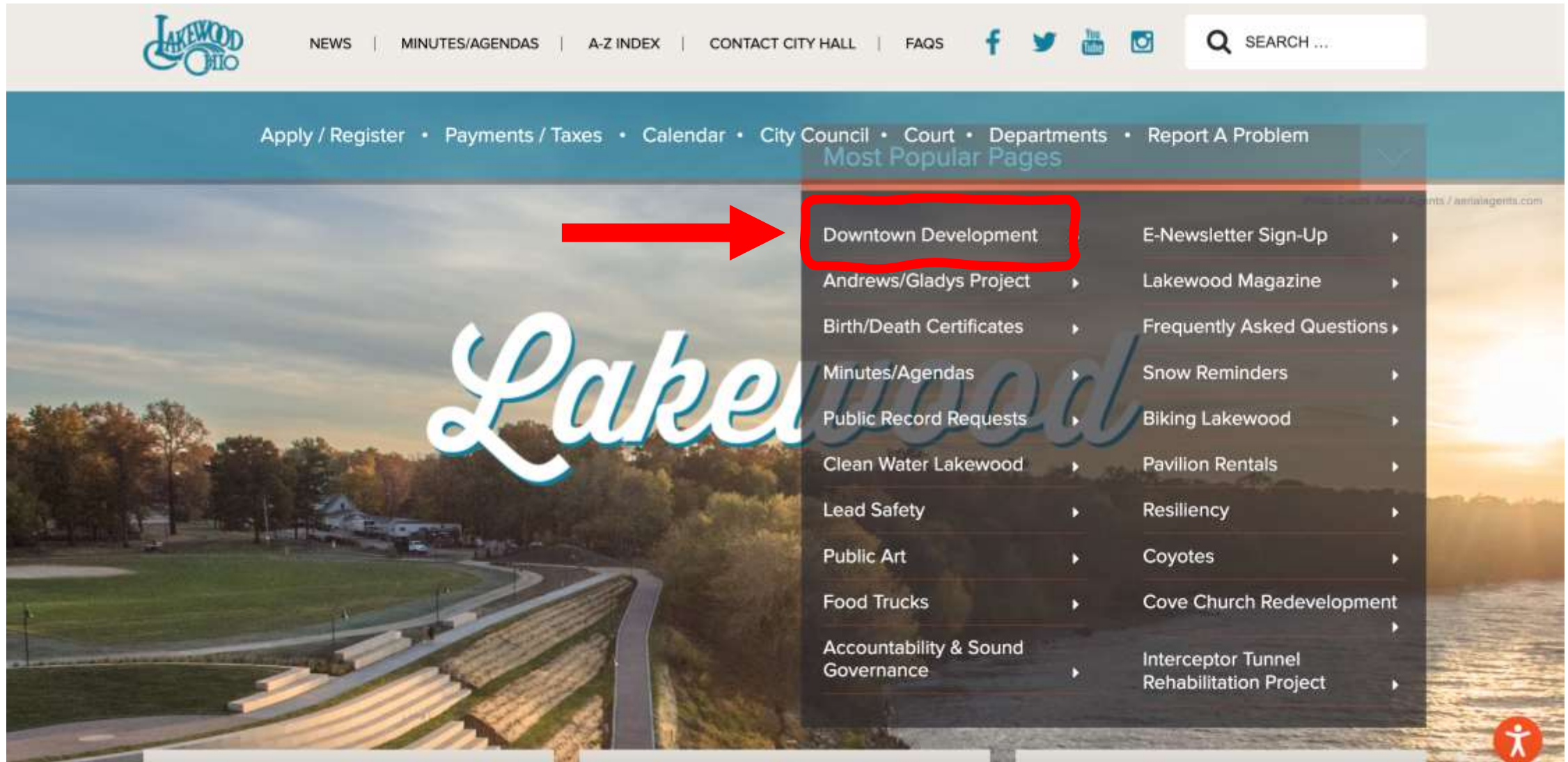
City Council  
Downtown Development  
Proposed Conceptual Plan & Term Sheet





# Downtown Development Project

Available Online at [www.lakewoodoh.gov/downtowndevelopment](http://www.lakewoodoh.gov/downtowndevelopment)





# Agenda

1. Where We Have Been and Where We Are Now
2. Proposed Development Program & Conceptual Plan
3. Market Analysis Comparison
4. Term Sheet
5. Downtown Development Advisory Panel
6. Process & Preliminary Schedule
7. Discussion



# Proposed Resolution

- Authorizes the negotiation of Development Agreement only
- Development Agreement must be submitted to City Council for review and approval
- Additionally, the site is zoned Planned Development District requiring a Preliminary Development Plan and a Final Development Plan
- Final Development Plan must be reviewed and approved by City Council

RESOLUTION NO. 2022-14

BY:

A RESOLUTION to take effect immediately provided it receives the affirmative vote of at least two thirds of the members of Council, or otherwise to take effect and be in force after the earliest period allowed by law, authorizing the negotiation of an agreement by and between the City of Lakewood, Ohio, a municipal corporation and political subdivision in and of the State of Ohio (the “City”), related to the development of City-owned property at the southeast corner of Detroit Avenue and Belle Avenue.

WHEREAS, after an extensive period of due diligence and public input, the City has engaged in a process for identifying an appropriate developer and development plan for the City-owned property at the southeast corner of Detroit Avenue and Belle Avenue, known as the former Lakewood Hospital site, and following that process has identified CASTO as the most appropriate partner for such development; and

WHEREAS, the City administration and CASTO have arrived at a shared vision to invest in the development of the Lakewood Hospital site, in a way that is beneficial to the citizens of Lakewood, including by providing a mix of office, retail and residential space, structured parking, and a multi-functional outdoor public space; and

WHEREAS, pursuant to the Constitution of the State of Ohio, the Ohio Revised Code and the Third Amended Charter of the City of Lakewood, municipalities have the power to enact laws that are for the health, safety, welfare, comfort and peace of the citizens of the municipality, and to provide for local self-government; and

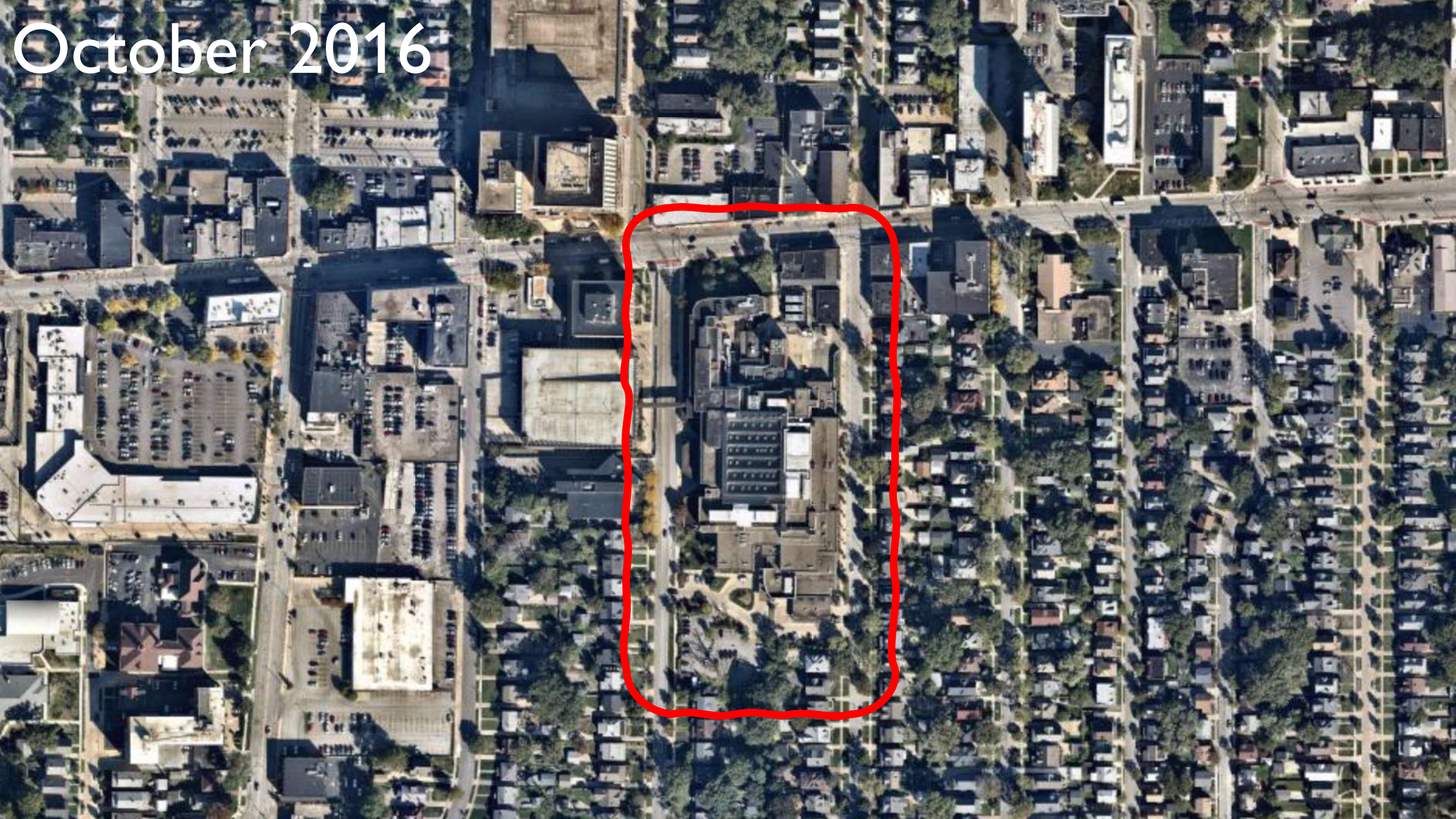
WHEREAS, as set forth in Section 2.12 of the Third Amended Charter of the City of Lakewood, this Council by a vote of at least two thirds of its members determines that this resolution is an emergency measure and that it shall take effect immediately, and that it is necessary for the immediate preservation of the public property, health, and safety and to provide for the usual daily operation of municipal departments, in that negotiation of a development agreement will assist in returning this property to a viable use; now, therefore

BE IT RESOLVED BY THE CITY OF LAKEWOOD, OHIO:

Section 1. The City authorizes the negotiation of a development agreement with CASTO for the development of the City-owned property at the southeast corner of Detroit Avenue and Belle Avenue, known as the former Lakewood Hospital site, based on the fully executed Term Sheet attached hereto as Exhibit 1 (“Term Sheet”).

Section 2. The negotiated development agreement shall be subject to the final approval of Council.





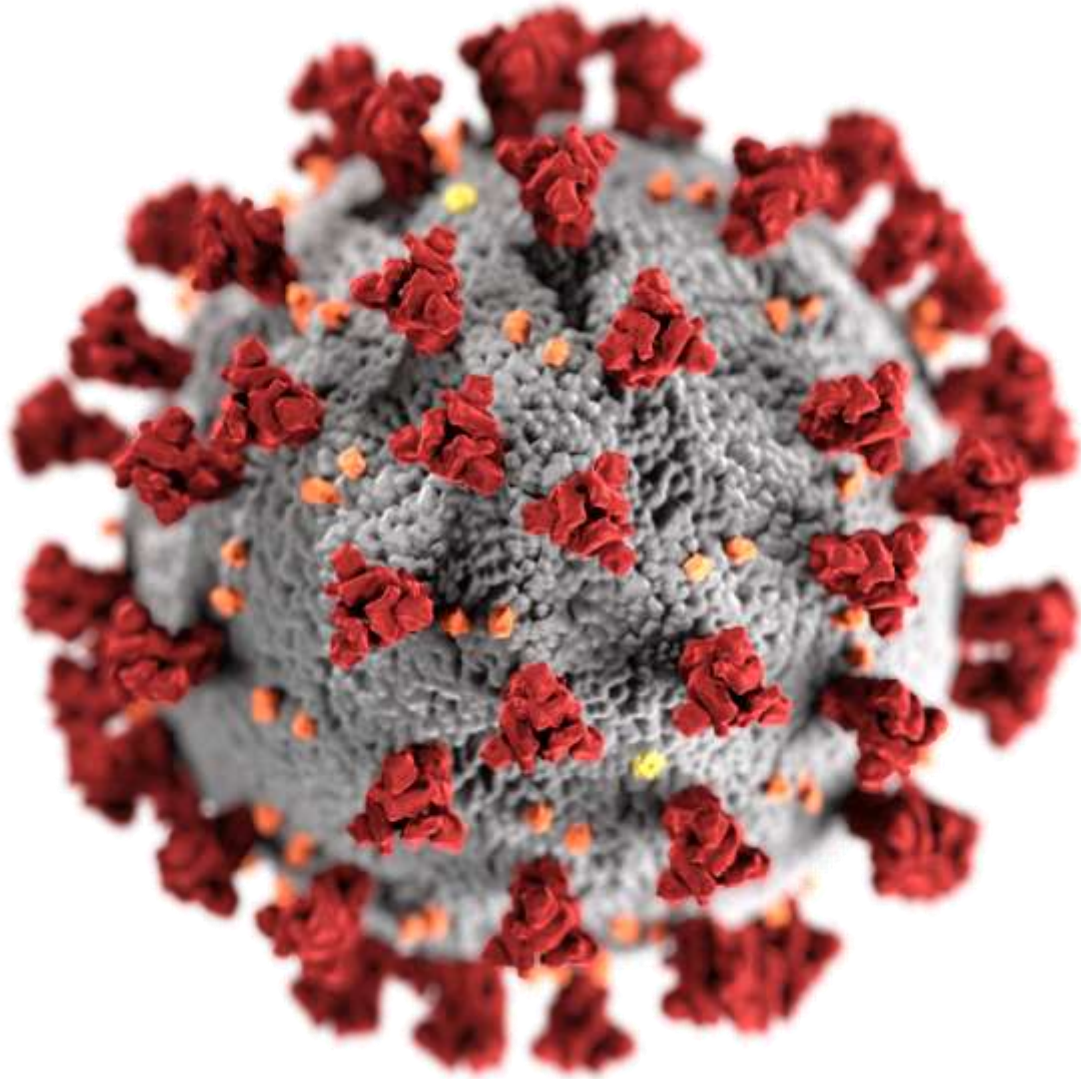
October 2016



March 2021







# COVID-19 Pandemic

- Global pandemic created uncertainty
- Office and hospitality markets
- Construction pricing, supply chains, and labor supply remain volatile
- Recovery has brought on record inflation
- Now experiencing rising interest rates
- Took time to analyze and address all these site and global challenges

# DEVELOPMENT OBJECTIVES

The objective of the RFQ process is to select a private developer or development team that will develop the Site consistent with the City's Community Vision. Additionally, the development must be consistent with the Commercial Design Guidelines and fitting with the compact, walkable character of Downtown Lakewood. The Commercial Design Guidelines are linked on the Resources page. In summary, the development objectives for the Site include:

- ▶ A transformative mixed-use development that meets community housing, employment, shopping, and service needs, including growth opportunities for existing Lakewood businesses .
- ▶ Creatively integrate visionary architecture engaging and complimentary of the character and quality of Lakewood's building stock, including design characteristics of the original Hospital building.
- ▶ Relate to and activate the streetscape to generate street level activity, and provide a safe , inviting pedestrian experience.
- ▶ Serve multiple modes of transportation on site, while meeting realistic vehicle parking needs.
- ▶ Design Lakewood's finest multi-functional outdoor community gathering space.
- ▶ Position the development to respond to shifting market conditions.
- ▶ Recognize and restate the historical significance of the site for the community in built form.
- ▶ Support environmentally sustainable development practices, including innovative storm water management techniques and energy efficient building practices that go beyond code requirements.
- ▶ Sensitivity to the directly adjacent single-family neighborhood.
- ▶ Promote joint venture partnership structures to achieve a catalyst economic development project that builds upon the real estate development momentum in Downtown Lakewood.
- ▶ Attract diverse businesses that provide residents with a wide range of opportunities.
- ▶ Provide housing types that compliment available community housing options.
- ▶ Business terms that deliver tangible returns on public investments, including job creation, tax revenue, and property values.



# Where We Are

1. With guidance from the Advisory Panel, updated conceptual development proposal for a \$90 million mixed use project
2. Also prepared a Term Sheet serving as a good faith framework to negotiate a Development Agreement, which will be the binding contract
3. Many details are not yet known and will not be known until we advance into the public development review process
4. Roundstone Insurance has committed to this project and the City has made an incentive offer, subject to City Council approval, to retain this growing business leader in our Downtown





# Development Program

## Office

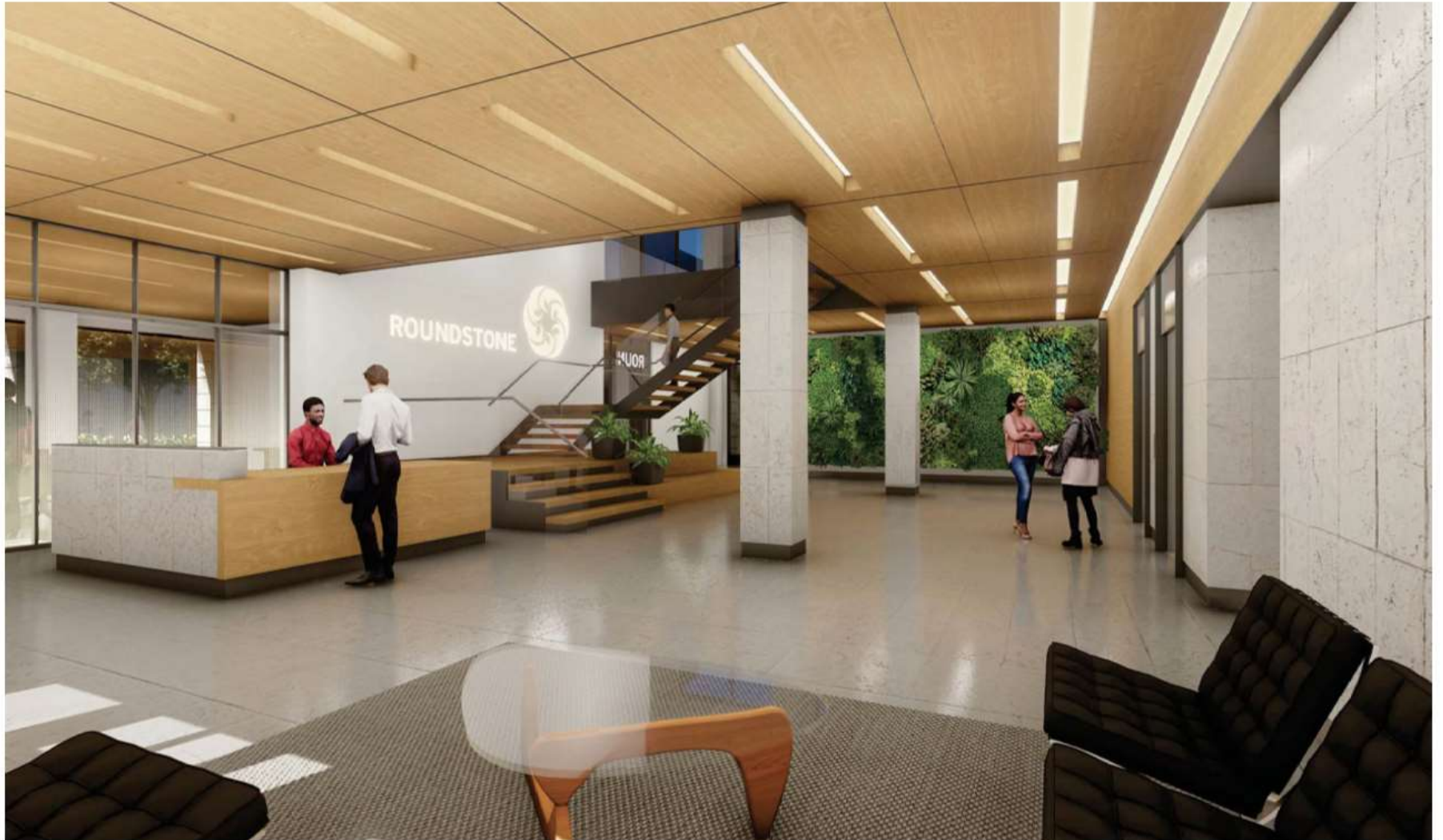
- Mixed-use, 4-story building with nearly 80,000 sq. ft of space
- Over 65,000 sq. ft. of new, class A office space on upper floors (2-4)
- Committed to be owned and occupied by Roundstone Insurance
- Approximately 12,000 sq. ft. of first floor retail space and lobby area for upper floor office use













# Development Program

## Retail and Commercial

- 12,000 sq. ft. of retail on the first floor of the office building
- 17,400 sq. ft. of commercial on the first floor of the expanded Curtis Block building





## Residential

- 
- Site Summary**
- | Building   | Building Type                     | Building Area (sq ft) | Building Volume (cu ft) |
|------------|-----------------------------------|-----------------------|-------------------------|
| Building A | 3-story mixed-use office building | 10,000                | 10,000                  |
| Building B | 3-story apartment building        | 10,000                | 10,000                  |
| Building C | 3-story apartment building        | 10,000                | 10,000                  |
| Building D | 3-story apartment building        | 10,000                | 10,000                  |
| Building E | 3-story apartment building        | 10,000                | 10,000                  |
- Site Parking Summary**
- | Parking Type    | Parking Spaces |
|-----------------|----------------|
| Surface Parking | 100            |
| Garage Parking  | 100            |
- Site Plan**
- Lakewood, Ohio
- CASTO  
DIMITARCHITECTS
- March 25, 2022



# Development Program

## Community Space

- Programmed and programmable, year-round, multi-functional, community gathering and event space
- Midblock to provide a central front door to the project
- Allows buildings to hold the corners, better maintaining the block face
- Able to activate the space from three sides of uses vs competing with two streets and ER / patient drop-off











Courtyard Design: Birds eye view looking Southeast



Courtyard - Farmers Market / Art Festival



Courtyard Design: Birds eye view looking Northeast



Courtyard - Special Events: Concert



## Curtis Block

- 2020 City assessment identified significant water damage and structural deterioration to the building – structural engineer declared building unsafe
- Locally designated historic façade is proposed to be preserved
- Remainder of the building to be redeveloped to create a modern, flexible commercial space with residential above







# Development Program

## Parking Garage

- 540 parking garage spaces shared among office, retail/ commercial, residential, and public
- 75 of the parking spaces will be for the Cleveland Clinic per previous agreements entered into years ago
- Will be wrapped in high quality materials and architectural elements in combination landscaping
- Additional 56 on-street spaces





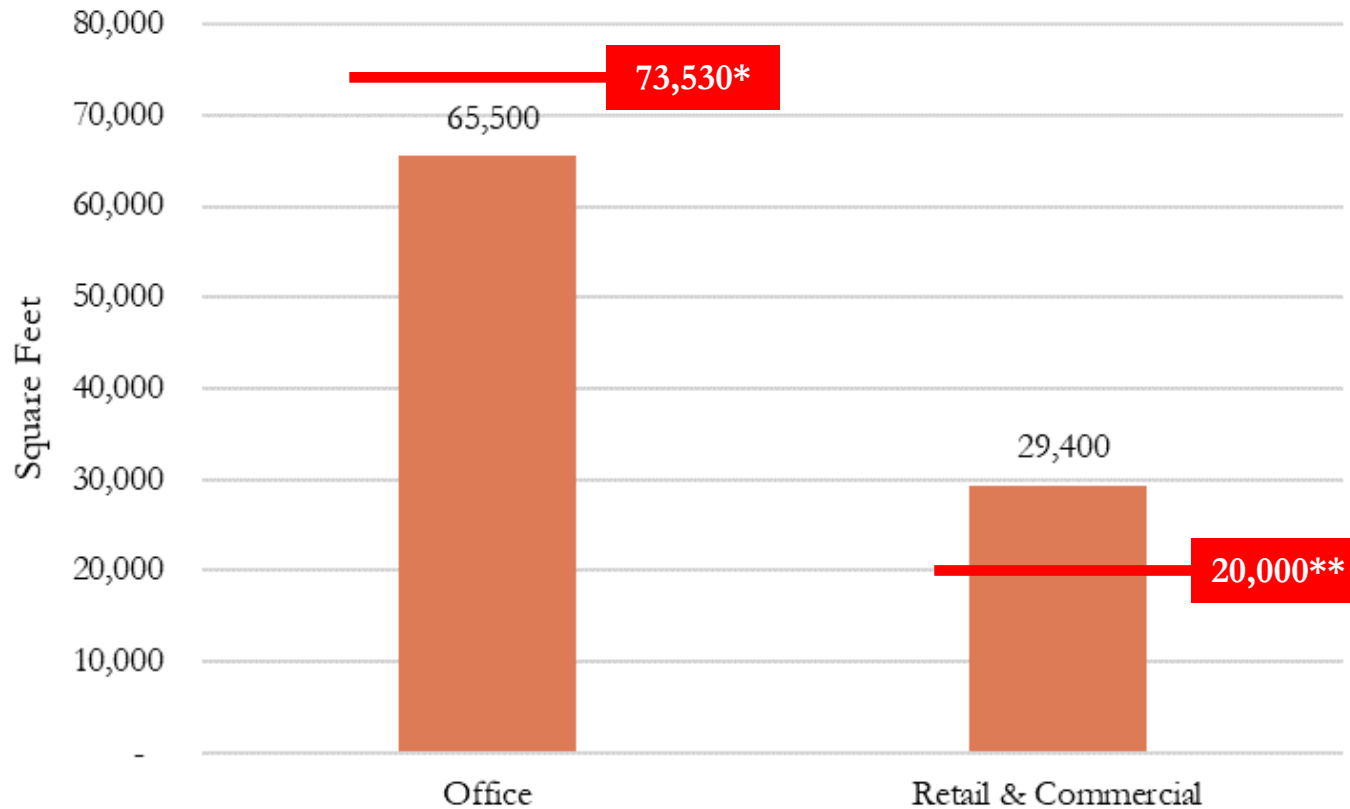


Grandview Yard Garage – Columbus, Ohio



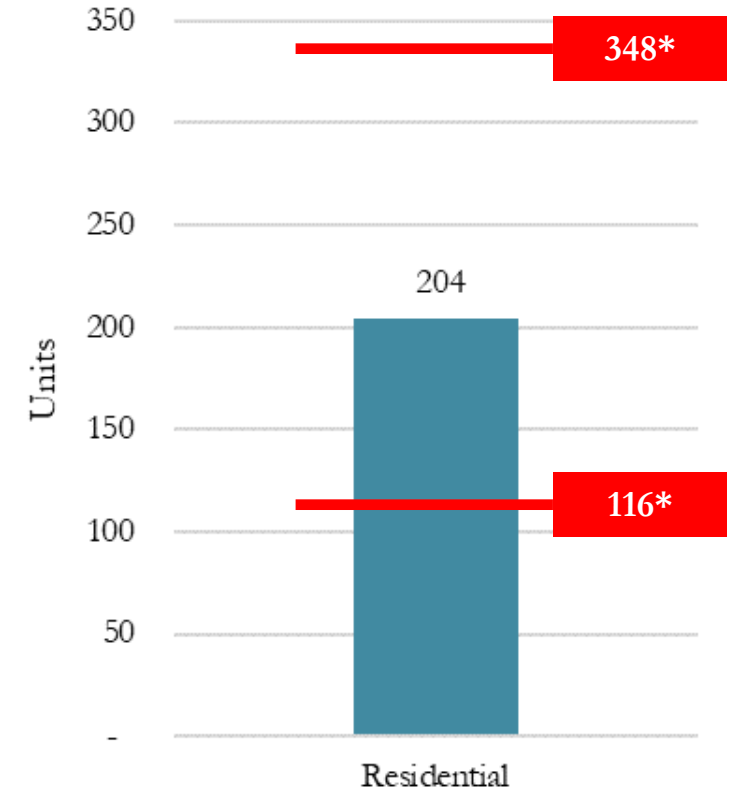
# Market Analysis Comparison

**Projected Market Demand** vs Proposed Development Program



\* Projected demand for net office space in Lakewood. Demand for office space may be met through existing office vacancies and many not reflect demand for new office space.

\*\* Retail & commercial demand is for specialty food services and stores.



\* Represents that 1% (116 units) to 3% (348 units) of the primary market area demand (15-minute drive from the site) could be captured in the downtown development project.



# CASTO / NP Realty Term Sheet Summary

## Framework for Negotiation of the Development Agreement

### Overview

- Establishes general terms & conditions on which the Development Agreement will be negotiated
- Development Agreement must be approved by City Council
- It is non-binding in that it establishes a framework for each party to further consider as additional detail is developed during the public development review process

### Conditions for Expiration

- Term Sheet must be reviewed, signed, and returned to the City by Developer within thirty (30) calendar days of the date of the Term Sheet (condition has been met)
- There is any material adverse change in the financial condition or affairs of Developer from that currently represented to the City such that in the reasonable determination of the City, Developer will be unable to complete the Project as contemplated by this Term Sheet
- A Preliminary and Final Planned Development Plan for the Property is not approved within twelve (12) months
- A Development Agreement is not executed within twelve (12) months

# CASTO / NP Realty Term Sheet Summary

## Framework for Negotiation of the Development Agreement

### **Development Program & Design**

- Establishes minimum square foot thresholds for office, retail/ commercial, and residential uses
- Architectural design must be of high quality and reflective of the Lakewood's character established by various architectural standards and guidelines of the City

### **Affordable Housing**

- Makes it clear that the Developer intends to participate in the City's Community Reinvestment Area Affordable Housing Tax Abatement Program providing a 15-year tax abatement on one hundred percent (100%) of the improved building value of the residential areas of the property

### **Community Space**

- Requires the Developer to construct, program, and maintain the community space with the City enjoying certain to be determined rights for public access



# CASTO / NP Realty Term Sheet Summary

## Framework for Negotiation of the Development Agreement

### **Curtis Block**

- Contemplates the future of the Curtis Block with the preservation of historic façade while allowing adaptive redevelopment of building and acknowledging more analysis may be necessary to consider alternatives to preservation

### **Parking Garage**

- Requires the Developer to construct, operate, and maintain a parking garage, including the provision of public parking and seventy-five (75) parking spaces which the City is contractually obligated to provide to the Cleveland Clinic pursuant to existing Agreements.

### **Public Improvements**

- Makes clear that the Developer has certain obligations to public improvements, including street and streetscape improvements and mandatory inclusion of public art into the project.

# CASTO / NP Realty Term Sheet Summary

## Framework for Negotiation of the Development Agreement

### **Sustainability Initiatives**

- Reaffirms that sustainability is an objective of the project and that the Developer will explore and incorporate economically feasible sustainability and energy efficiency measures and, if appropriate, seek designations or certifications for such measures

### **Financial Incentives**

- Acknowledges that the Developer has preliminarily demonstrated there is a need for additional financial assistance to complete the project and that, subject to City Council approval, such need may be met through the establishment of a tax increment financing (TIF) district and/ or other measures provided the Developer continues to demonstrate such need to the City

### **Building Trades and Prevailing Wage**

- Requires a Project Labor Agreement be executed with the Cleveland Building & Construction Trades Council as condition of City incentives and that labor be paid a prevailing wage for consideration of the same



# CASTO / NP Realty Term Sheet Summary

## Framework for Negotiation of the Development Agreement

### **Environmental Obligations**

- Discloses the environmental obligations of the of the property resulting from the City obtaining a Covenant Not to Sue from the Ohio Environmental Protection Agency and requires the Developer to accept all responsibilities and indemnify the City

### **Development Agreement and Property Conveyance Process**

- Sets forth the process to complete due diligence, negotiation of the development agreement, and conditions that must be met for conveyance of the property

### **Project Completion**

- Mandates the project will be completed within four (4) years and that both parties will continue to evaluate completion dates as the Development Agreement is negotiated

# CASTO / NP Realty Term Sheet Summary

## Framework for Negotiation of the Development Agreement

### **Transfer Restrictions**

- Establishes restrictions on the transfers of the development to ensure a high quality development partner, similar to CASTO and North Pointe Realty, is retained.

### **Community Engagement**

- Makes clear that community engagement is specifically recognized as a vital and integral component of the project and that Developer will engage with the community both as part of the requisite Board, Commission, and City Council meetings and separate meetings outside of the development review process



# Roundstone Insurance Summary

## Letter of Understanding for Performance Based Economic Development Grant

### Overview

- Economic development grant to support the retention, relocation, and expansion of jobs and payroll
- Reimbursement grant based on meeting minimum job and payroll retention and creation requirements for eight (8) years following occupancy of the building
- Maximum of \$1.5 million paid annually (\$187,500 per year)
- Reimbursement of eligible permanent improvements to the office space (i.e., items that will remain with the building should Roundstone Insurance leave the premises)

### Job Relocation, Creation, and Retention Commitments

- Relocate, or create new, a minimum of 108 FTE, W-2 jobs with a annual payroll of at least \$9,300,000
- Create and retain a minimum of 17 new FTE, W-2 jobs with a new annual payroll of at least \$1,500,000 each year for a period of five (5) years
- Following the five (5) year period, have a minimum of 193 FTE, W-2 jobs with an annual payroll of at least \$17,500,000
- Maintain a minimum of 193 FTE, W-2 jobs having an annual payroll of at least \$17,500,000 for a period of three (3) years following the five (5) years described above

# Advisory Panel

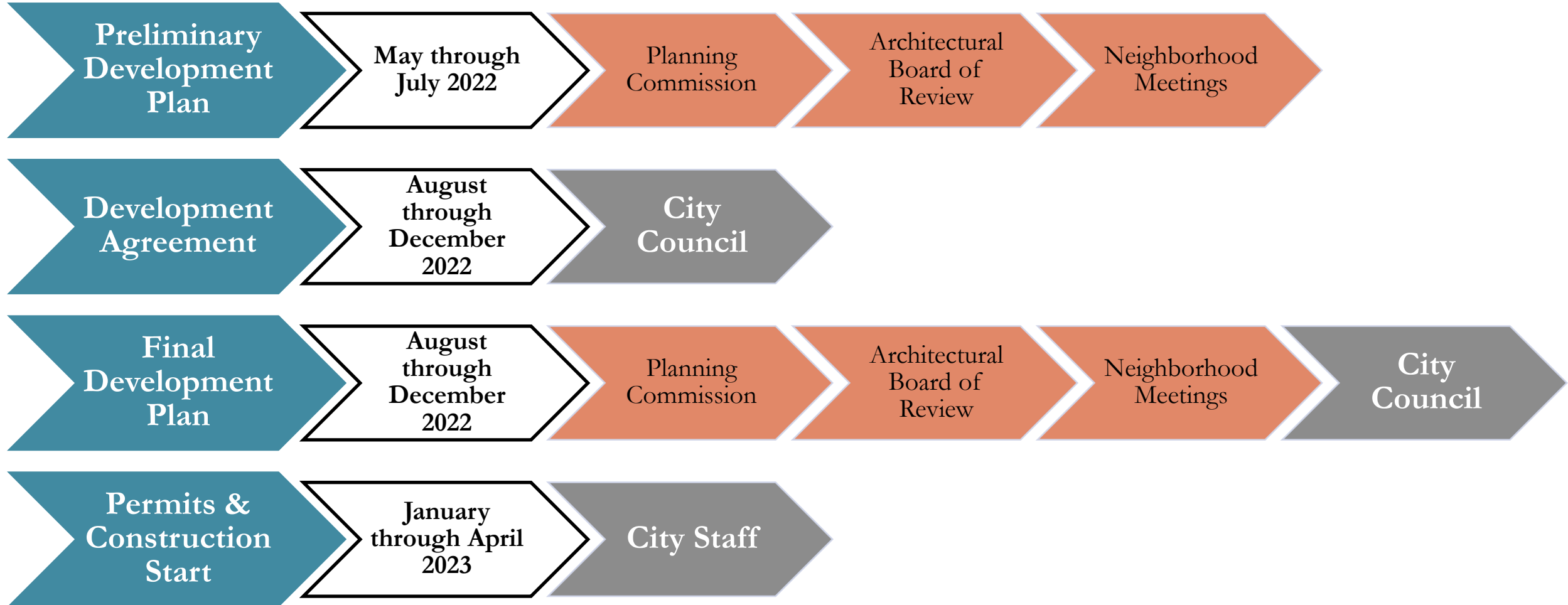
- Met four times over the past ten months
- Provided comments / feedback on a host of topic areas related to the project
  - Project Team
  - Project Program & Conceptual Design
  - Project Financing, Market Analysis, Schedule, and Ownership
- Panel found the Developer proposal is able to meet the development objectives
- With the comments provided, the Panel supported advancement of the proposal to the development review and development agreement negotiation processes





# Process & Estimated Timeline

General Guide for Moving Forward



# Proposed Resolution

- Authorizes the negotiation of Development Agreement only
- Development Agreement must be submitted to City Council for review and approval
- Additionally, the site is zoned Planned Development District requiring a Preliminary Development Plan and a Final Development
- Final Development Plan must be reviewed and approved by City Council

RESOLUTION NO. 2022-14

BY:

A RESOLUTION to take effect immediately provided it receives the affirmative vote of at least two thirds of the members of Council, or otherwise to take effect and be in force after the earliest period allowed by law, authorizing the negotiation of an agreement by and between the City of Lakewood, Ohio, a municipal corporation and political subdivision in and of the State of Ohio (the “City”), related to the development of City-owned property at the southeast corner of Detroit Avenue and Belle Avenue.

WHEREAS, after an extensive period of due diligence and public input, the City has engaged in a process for identifying an appropriate developer and development plan for the City-owned property at the southeast corner of Detroit Avenue and Belle Avenue, known as the former Lakewood Hospital site, and following that process has identified CASTO as the most appropriate partner for such development; and

WHEREAS, the City administration and CASTO have arrived at a shared vision to invest in the development of the Lakewood Hospital site, in a way that is beneficial to the citizens of Lakewood, including by providing a mix of office, retail and residential space, structured parking, and a multi-functional outdoor public space; and

WHEREAS, pursuant to the Constitution of the State of Ohio, the Ohio Revised Code and the Third Amended Charter of the City of Lakewood, municipalities have the power to enact laws that are for the health, safety, welfare, comfort and peace of the citizens of the municipality, and to provide for local self-government; and

WHEREAS, as set forth in Section 2.12 of the Third Amended Charter of the City of Lakewood, this Council by a vote of at least two thirds of its members determines that this resolution is an emergency measure and that it shall take effect immediately, and that it is necessary for the immediate preservation of the public property, health, and safety and to provide for the usual daily operation of municipal departments, in that negotiation of a development agreement will assist in returning this property to a viable use; now, therefore

BE IT RESOLVED BY THE CITY OF LAKEWOOD, OHIO:

Section 1. The City authorizes the negotiation of a development agreement with CASTO for the development of the City-owned property at the southeast corner of Detroit Avenue and Belle Avenue, known as the former Lakewood Hospital site, based on the fully executed Term Sheet attached hereto as Exhibit 1 (“Term Sheet”).

Section 2. The negotiated development agreement shall be subject to the final approval of Council.





# Discussion & Questions

City Council  
Downtown Development  
Proposed Conceptual Plan & Term Sheet